

## **Senate Bill No. 1382**

### **CHAPTER 178**

An act to amend Sections 31452.5, 31520.5, 31592.5, and 31693 of, and to add Sections 31471.5 and 31592.6 to, the Government Code, relating to county employees' retirement.

[Approved by Governor August 17, 2012. Filed with  
Secretary of State August 17, 2012.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

SB 1382, Negrete McLeod. County employees' retirement: retiree organizations.

The County Employees Retirement Law of 1937 authorizes counties to establish retirement systems pursuant to its provisions in order to provide pension benefits to county, city, and district employees. That law authorizes a county retirement board to give effect to a revocable written authorization signed by a retired member or beneficiary of a retired member entitled to a retirement allowance or benefit for the deduction of a specified amount for various purposes, including, among others, paying for group life insurance, group disability insurance, prepaid group medical or hospital service plans, and dental plans approved by the board.

This bill would further allow for written authorization of, and deduction for, payments to a recognized retiree organization and payment for any retiree benefit programs available through the recognized retiree organization, as specified.

Under the County Employees Retirement Law of 1937, the retirement board in specified counties is comprised of 9 members. In those counties, the board is authorized to appoint an alternate retired member to the office of the 8th member of the board, from a list of nominees submitted by a qualified retiree organization, as defined.

This bill would instead authorize that list of nominees to be submitted by a recognized retiree organization. The bill would also define "recognized retiree organization" for purposes of the County Employees Retirement Law of 1937, and would make related conforming and technical changes.

The County Employees Retirement Law of 1937 requires the retirement board to provide to any retiree organization that is recognized by the board reasonable advance notice of proposed changes to the retirement benefits offered by the system or the use of excess funds of the retirement system. That law also requires that the organization have a reasonable opportunity to comment prior to any formal action by the board on the proposed changes.

This bill would require the board, upon request from a recognized retiree organization, to cooperate with and assist the organization in distributing communications regarding membership in and retiree benefit programs

available through the organization to all or a portion of the retired members of the system. The bill would require that the content of those communications be wholly the responsibility of the recognized retiree organization. The bill would also authorize the board to charge a reasonable fee for those mailings, as specified.

*The people of the State of California do enact as follows:*

SECTION 1. Section 31452.5 of the Government Code is amended to read:

31452.5. (a) The board may comply with and give effect to a revocable written authorization signed by a retired member or beneficiary of a retired member entitled to a retirement allowance or benefit under this chapter, authorizing the treasurer or other entity authorized by the board to deduct a specified amount from the retirement allowance or benefit payable to any retired member or beneficiary of a retired member for any of the following purposes:

(1) Paying premiums on any policy or certificate of group life insurance or group disability insurance issued by an admitted insurer.

(2) Paying premiums for a prepaid group medical or hospital service plan.

(3) Paying premiums for a vision care program or dental plan, approved by the board, for the benefit of the retired member or his or her dependents.

(4) Paying premiums on national service life insurance or United States government converted insurance.

(5) Payment for the purchase of shares in or the payment of money to any regularly chartered credit union.

(6) Payment to a charitable organization or a federally chartered veterans' organization that is approved by the board.

(7) Payments to a recognized retiree organization.

(8) Payment for the purchase of United States savings bonds.

(9) The payment of personal income taxes to the government of the United States or the State of California.

(10) Payment for any retiree benefit programs available through the recognized retiree organization. The board may require that this payment be to a single party designated by the recognized retiree organization, either to itself or to a third-party administrator.

(b) Each month the order shall be drawn in favor of the insurer, institution, credit union, organization, or government named in the written authorization for an amount equal to the deductions authorized in subdivision (a) and made during the month.

(c) The board may charge a reasonable fee for the making of the deductions and payments.

SEC. 2. Section 31471.5 is added to the Government Code, to read:

31471.5. “Recognized retiree organization” means an organization in which a majority of the members of the organization are retired members of the system and which the board, upon request, has approved recognition.

SEC. 3. Section 31520.5 of the Government Code is amended to read:

31520.5. (a) Notwithstanding Section 31520.1, in any county subject to Articles 6.8 (commencing with Section 31639) and 7.5 (commencing with Section 31662), the board of retirement may, by majority vote, appoint, from a list of nominees submitted by a recognized retiree organization, an alternate retired member to the office of the eighth member, who shall serve until the expiration of the current term of the current eighth member. Thereafter, the alternate retired member shall be elected separately by the retired members of the association in the same manner and at the same time as the eighth member is elected.

(b) The term of office of the alternate retired member shall run concurrently with the term of office of the eighth member. The alternate retired member shall vote as a member of the board only in the event the eighth member is absent from a board meeting for any cause. If there is a vacancy with respect to the eighth member, the alternate retired member shall fill that vacancy for the remainder of the eighth member’s term of office.

(c) Except as otherwise provided in this section, the alternate retired member shall be entitled to the same rights and privileges and shall have the same responsibilities and access to closed sessions as the eighth member.

(d) The alternate retired member may hold positions on committees of the board independent of the eighth member and may participate in the deliberations of the board or any of its committees to which the alternate retired member has been appointed whether or not the eighth member is present.

(e) The alternate retired member shall be entitled to the same compensation as the eighth member for attending a meeting, pursuant to Sections 31521 and 31521.1, whether or not the eighth member is in attendance at those meetings.

(f) (1) If this section is made applicable in any county, by the appointment of an alternate eighth member, the alternate seventh member shall not sit and act for the eighth member, except as described in paragraph (2).

(2) If both the eighth member and the alternate retired member are not attending a meeting, the alternate seventh member may sit and act for the eighth member as described in Section 31520.1.

SEC. 4. Section 31592.5 of the Government Code is amended to read:

31592.5. The board shall provide to any recognized retiree organization reasonable advance notice of any proposed changes to the retirement benefits offered by the system or the use or uses of excess funds of the retirement system. The organization shall have a reasonable opportunity to comment prior to any formal action by the board on the proposed changes.

SEC. 5. Section 31592.6 is added to the Government Code, to read:

31592.6. In order for a recognized retiree organization to fulfill its obligations to the retired members of the system and to communicate with them, upon the organization's request the board shall cooperate with and assist the organization in distributing communications regarding membership in and retiree benefit programs available through the organization to all or a portion of those retired members. The content of those communications shall be wholly the responsibility of the recognized retiree organization, and the board shall not have any liability for the content of those communications. Cooperation and assistance in distribution may consist of combined or separate mailings. The board may charge a reasonable fee for those mailings, which may not exceed the actual costs to the system, including staff time for preparation of the mailings.

SEC. 6. Section 31693 of the Government Code is amended to read:

31693. In any county, district, or county retirement system providing benefits under this article, the county, district, or county retirement system shall provide any recognized retiree organization, as defined in Section 31471.5, that is recognized by the retirement system of the county or district as representing the retired employees of that county or district reasonable advance notice of any proposed changes in employee health care benefits affecting those retired employees and the organization shall have a reasonable opportunity to comment prior to any formal action by the county, district, or county retirement system on the proposed changes. As used in this section, "proposed changes" means significant changes affecting health care benefits, including, but not limited to, changes in health care carriers, plan design, and premiums.